

Education and Workforce Development Cabinet

Kentucky's jobless rate jumps to 9.2 percent in February

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Editor's Note: Preliminary February and revised January labor market information are included in this release.

FRANKFORT, Ky. — Kentucky's seasonally adjusted preliminary unemployment rate for February 2009 swelled to 9.2 percent from January 2009's revised 8.8 percent, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet. The February rate was the highest in Kentucky since the 9.2 percent jobless rate recorded in December 1986.

"Nearly every sector of Kentucky's economy suffered job losses in February 2009 showcasing widespread economic weakness. Employment declines reflect a prolonged manufacturing slump reverberating throughout the economy, a financial crisis impaling multiple sectors and causing delays and cutbacks in construction projects, and retrenchment by consumers rippling through numerous industries," said Justine Detzel, OET chief labor market analyst.

The February 2009 unemployment rate is 3.6 percentage points higher than the 5.6 percent rate recorded in February 2008. "This marks the largest year-over-year increase in the unemployment rate since Kentucky started keeping records in January 1976," said Detzel.

The U.S. seasonally adjusted jobless rate rose from 7.6 percent in January 2009 to 8.1 percent in February 2009, according to the U.S. Department of Labor.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count people working.

One of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported an employment increase in February 2009, while nine decreased and one stayed the same, according to OET. A decline of 12,900 jobs in February 2009 brought Kentucky's nonfarm employment to a seasonally adjusted total of 1,799,500. Since February 2008, Kentucky's nonfarm employment has plunged by 68,600.

"This marks the 12th month in a row of year-over-year employment decreases and the largest year-over-year drop on records dating back to January 1990. February 2009 is the second consecutive month the year-over-year employment decline set a record high," said Detzel.

According to the seasonally adjusted employment data, the natural resources and mining sector rose by 300 in February 2009, making it the only area to show an increase for the month. The sector has added 3,100 jobs since February 2008 because of hiring in the coal mining industry.

The information sector recorded the same number of positions in January 2009 and February 2009. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has lost 500 positions since February 2008.

On the negative side of the ledger, the construction sector recorded 3,700 fewer positions in February 2009. Since February 2008, employment in the construction sector has plunged by 12,900 positions.

"Over the last year, Kentucky experienced a 15 percent decline in the number of construction jobs," Detzel said. "People are postponing purchasing a home until they see the economy recovers and credit conditions loosen."

Kentucky's manufacturing sector lost 2,400 jobs in February 2009. Compared to February 2008, jobs in the sector shrunk by 34,300.

"At 218,100 positions, Kentucky has the lowest number of manufacturing jobs on records starting in January 1990. February represents the ninth month in a row and the 11th time in the last 12 months that industrial employment has fallen.

"Even Kentuckians who still have jobs are uncertain about the future and less confident about their employment than a few years ago. In this tight economy, consumers are scrutinizing every purchase and contemplating ways to cut back," Detzel said.

The state's leisure and hospitality sector reported an employment loss of 1,900 jobs in February 2009. Since February 2008, employment in the sector has decreased by 2,000 positions. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations and food services and drinking places industries.

"The majority of the employment losses in February 2009 occurred at arts, entertainment and recreation enterprises. Multiple restaurant closings account for the decrease in the number of professionals employed in accommodation and food services companies.

"The year-over-year job losses are concentrated in arts, entertainment, and recreation businesses, which is a sign of layoffs at two spectator sports enterprises, cutbacks in the amusement, gambling, and recreation industry, and a nightclub closing. However, the accommodation and food services industry also exhibited a sizable decline in employment, which is indicative of three hotels closing, four beverage services companies closing, numerous restaurant closings, and layoffs at other eateries," Detzel said.

Kentucky's trade, transportation and utilities sector dropped by 1,400 jobs in February 2009. This area includes retail and wholesale trade, transportation and warehousing businesses and utilities. It is the largest sector in Kentucky with 372,100 employees. Since February 2008, the number of jobs in this sector has plummeted by 12,600.

"Wholesale trade businesses accounted for the lion's share of the decline in the number of jobs from January 2009 to February 2009, a sign of layoffs at a distribution center. In addition, the transportation, warehousing, and utilities industry suffered significant job losses in February 2009. Weak demand for products resulted in cutbacks at transportation companies," said Detzel.

The state's educational and health services sector dipped by 1,200 jobs in February 2009. Since last February, the number of jobs in this sector has risen by 3,200. This sector includes private and nonprofit establishments that provide either education and training or health care and social assistance to their clients.

The financial activities sector recorded a decrease of 900 positions in February 2009. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, has dropped 1,400 positions over the past 12 months.

The number of jobs in the professional and business services sector declined by 700 positions in February 2009. This area has lost 4,300 employees since February 2008. The professional and business services sector includes professional, scientific and technical services, management of companies and administrative and support and waste management, including temporary help agencies.

The state's other services sector, which includes such establishments as repair and maintenance businesses, personal and laundry services, religious organizations and civic and professional organizations, fell by 600 jobs in February 2009. This sector had 2,800 fewer jobs in February 2009 than February 2008.

The government sector, which includes public education, public administration agencies and state-owned hospitals, decreased by 400 positions in February 2009. The sector has 4,100 fewer jobs compared to February 2008.

The U.S. Bureau of Labor Statistics' monthly estimate of the number of employed Kentuckians for February 2009 was 1,887,890 on a seasonally adjusted basis. This figure is down 142 from the

1,888,032 employed in January 2009, and down 28,164 from the 1,916,054 employed in February 2008.

The monthly estimate of the number of unemployed Kentuckians for February 2009 was 191,987, up 10,084 from the 181,903 Kentuckians unemployed in January 2009, and up 78,632 from the 113,355 unemployed in February 2008.

The monthly estimate of the number of Kentuckians in the civilian labor force for February 2009 was 2,079,877. This figure is up 9,942 from the 2,069,935 recorded in January 2009, and up 50,468 from the 2,029,409 recorded for February 2009.

Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.

A complementary experimental hours and earnings series is available at <http://www.bls.gov/sae/saeaepp.htm>.